

14 July 2015

ASX Release

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PANDA HILL SITE AND STUDY PROGRESS

Highlights

- **Feasibility Study on schedule with all key activities started**
 - Revised concept considers an initial throughput of approximately 1.3Mtpa expanding to 2.6Mtpa in later years
- **Mining Licence renewal and ESIA documentation submitted**
- **Offtake discussions with traders and end users in US, Europe and Asia progressing well**
- **Appointment of General Manager Operations**

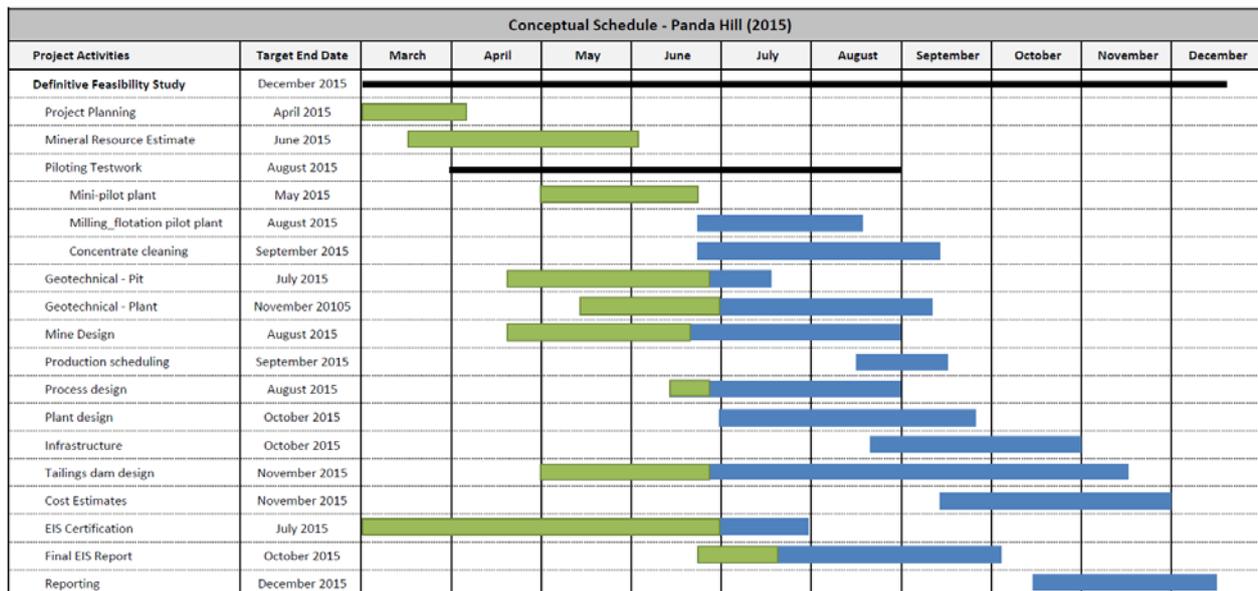
Cradle Resources Limited ("Cradle") is pleased to provide an update on the feasibility activities at the Panda Hill Niobium Project ("Project") in Tanzania.

Cradle's Managing Director, Grant Davey, commented: "The Feasibility Study is progressing as planned with a processing plant throughput of 1.3Mtpa being selected for initial production expanding to 2.6Mtpa after 5 years. Preliminary financial results calculated for a staged throughput scenario continues to highlight that Panda Hill is a world class Mineral Resource project. We are actively collecting all the necessary field information as well as preparing for the 75 tonne pilot plant test so that we have all the technical information to complete the final Feasibility Study. The appointment of Dennis Cooke is instrumental in ensuring that the construction and operational team is appointed and have ownership of the feasibility study. Offtake negotiations are progressing well and all licencing approval applications have been submitted to the government for assessment. The Cradle team is focussed on ensuring that Panda Hill is the next world class niobium producer."

The Feasibility Study is on track for completion in the 4th quarter 2015 with key milestones including: the finalisation of the geotechnical drilling campaign for the plant foundations and tailings facility area completed in June 2015; the export of geotechnical samples to Johannesburg, with two of the three batches already at the laboratory and test work having started; and the Mineral Resource model has been finalised for use in pit optimisations. The mini pilot plant test has been completed and results are being analysed so as to optimise the design and operation of the 75 tonne pilot test which will commence mid July 2015.

The project progress for the key activities against planned are shown in Figure 1 below:

Figure 1 – Feasibility Study Progress Chart



*Green – actual progress, Blue - forecast

The study has commenced on the sizing of the processing plant. This study is focusing on optimising the equipment sizing with capex and operating costs. The sizing also takes into account the current niobium market size and is calculated so as to ensure a responsible entry into the current market. Table 1 below shows the current 2Mtpa results and a staged throughput scenario whereby construction of the extra processing facility occurs in year 4 with first production from the expanded operation in year 5.

Table 1 – Preliminary Staged Throughput Financial Results

Summary Financial Data	2 Mtpa Updated Results	Staged Throughput Prelim Results	Comments
Initial Capex	US\$158M	US\$123M	Reduced plant throughput
Pre-Production Costs	US\$37M	US\$31.5M	Reduced first fills, spares etc.
Expansion Capital	-	US\$77M	Doubling of plant capacity
NPV ₁₀ (before tax)	US\$647M	US\$637M	Reduced revenue in early years
IRR (before tax)	47.6%	39.1%	Reduced revenue in early years
NPV ₁₀ (after tax)	US\$424M*	US\$420M	As above
IRR (after tax)	37.7%*	32.4%	As above
EBITDA/annum (av Yrs 1-10)	US\$131M	US\$121M	Reduced throughput in early years
EBITDA/annum (av LOM)	US\$90M	US\$105M	Increased LOM throughput
Payback Period	4.5 years*	6.7 years	Inclusive of expansion capital
Average LOM Production	4,600t Nb (6,800t FeNb)	5,200t Nb (7,800t FeNb)	Increased LOM throughput
LOM	30 years	30 years	No change

*Following the release on 31 March 2015, the Company has updated the prefeasibility study results based on revisions to the capital expenditure profile as well as further allowance for environmental rehabilitation at the end of the life of mine. All other material assumptions for the PFS remain unchanged. The NPV₁₀ and IRR calculations have been adjusted accordingly and the payback period is from decision to mine.

The Mining Licence renewal documents have been submitted to the Tanzanian Ministry of Energy and Minerals and the ESIA documentation has been submitted to the National Environmental Management Council. These authorisations are expected to be completed in Q3 2015.

Offtake discussions with traders and end users are progressing well. The discussions are focused on optimising pricing and volume and both end-users and traders in the USA, Europe and Asia are being targeted.

Project financing is ongoing and is being managed in South Africa through our project partners, Tremont, who are in discussions with commercial banks to secure appropriate debt finance.

Dennis Cooke has been appointed as General Manager of the Panda Hill project in Tanzania. Mr Cooke, a metallurgist by profession, has over 25 years' experience in the mining industry and has extensive project management, construction, start up and general management experience in similar projects in Africa. He has successfully run the Vergenoeg fluorspar mine in South Africa for 11 years in the capacity of General Manager. Mr Cooke will be responsible for the construction, commissioning and ultimate steady state operations and performance of the Panda Hill mine in Tanzania.

The first laboratory assays have been received from field grab samples of the 75t bulk sample that has been shipped to Canada; these samples average 0.86% Nb₂O₅. The grades were determined by assaying 75 individual 3kg grab samples that represent the 75 one tonne bags that were collected from three separate shallow pits (Figure 2) from within the mineral resource regions (Figure 5 and Table 2). Analysis was undertaken by XRF borate fusion at SGS in Johannesburg. Importantly there was shallow (<1m) near surface fresh mineralisation encountered at each of the 3 excavation areas. The 75 individual one tonne samples targeted fresh and weathered sovite, magnetite carbonatite and residual weathered material and will allow for optimal blending options in the up-coming pilot plant. The 75 tonne bulk sample has arrived in Canada and is currently being prepared for the pilot runs.

Two rigs were mobilised to site in June 2015 for drilling of geotechnical and hydrological holes (Figure 3). One rig is dedicated to drilling the 13 geotechnical diamond holes (typically < 25m deep) to enable characterisation of the ground beneath the proposed process plant and tailings facility; this work has been completed now. The other rig is focussed on drilling hydrological observation holes in the area surrounding the proposed Tailings Storage Facility ("TSF"). Site activities are expected to last for approximately another 4 weeks. Consultants from SLR Consulting (Africa) Pty Ltd and SRK Consulting (Australasia) Pty Ltd have been on site to supervise the logging and preparation of these samples.

Geotechnical samples from the proposed plant and TSF sites are also being taken from trenches / pits (Figure 4). These samples will assist in quantifying the insitu ground and soil conditions in the plant and TSF areas to a level suitable for the final Feasibility Study and allow for detailed engineering to be done.

The first two batches of geotechnical samples have arrived in South Africa and are at the laboratory being prepared for the geotechnical tests. The final batch of samples is in transit and arrived in Johannesburg in the first week of July.



Figure 2: Showing the 3 pits being excavated (A – top left, B – top right, C – middle left) and an example of a 1 tonne bulk sample from Area A (middle right). Collection and cartage of the bulk samples is shown at the bottom.



Figure 3: Showing hydrological drilling near the base of Panda Hill (top left), drilling for geotechnical samples in the TSF region (top right), geotechnical core samples (bottom left) and carpenters preparing boxes to transport the samples to South Africa (bottom right).

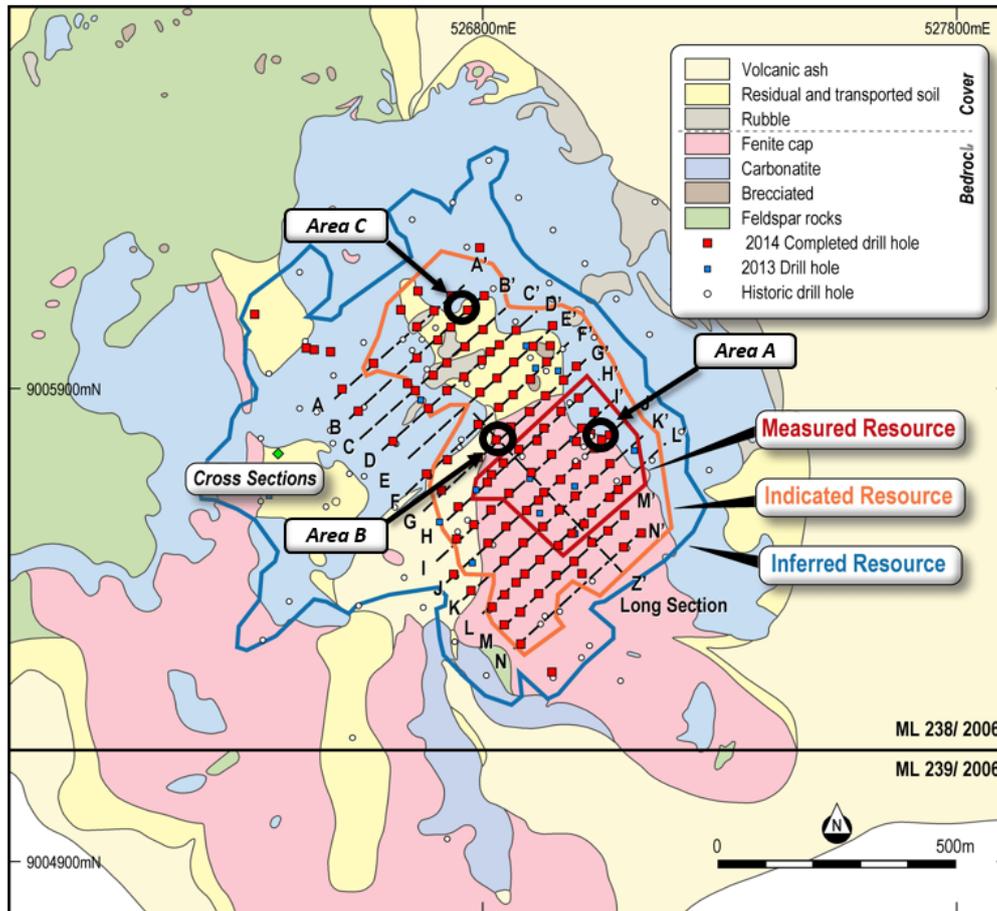


Figure 5: Showing location of the three bulk sample pits

Table 2: Breakdown of Bulks Samples Analysis

Type	Number Samples	Average Grade (Nb ₂ O ₅)
Fresh Sovite	20	0.58
Transitional Carbonatite	8	0.63
Transitional Magnetite Carbonatite	16	0.88
Transitional Sovite	11	0.87
Oxidised Carbonatite	10	1.43
Oxidised Magnetite Carbonatite	5	0.71
Soil	5	1.25
Total	75	0.86

Note: 75 individual ~3kg sub samples were taken from 75 one tonne bulk bags which are being shipped to Canada for the planned Pilot Plant. Each sample was shipped to SGS in Johannesburg for analysis by XRF borate fusion following the protocols used for the assaying of the 2014 drilling program. See releases from 2014 for full JORC tables.

Project Background

The results of the Pre-feasibility Study (“PFS”) were announced on 31 March 2015, indicating the Project had potential for a low Capex (US\$158M initial capital and \$37M working capital) and highly economic operation based upon mining scenario of 2Mtpa (see announcement of 31 March 2015).

Subsequent to the PFS announcement, Cradle announced a significant Mineral Resource upgrade for the Project in April 2015, with a total Mineral Resource of 178Mt @ 0.5% Nb₂O₅ for 891Kt of contained Nb₂O₅ (16Mt @ 0.63% Nb₂O₅ Measured, 53Mt @ 0.5% Nb₂O₅ Indicated and 108Mt at 0.48% Nb₂O₅ Inferred - See announcement of 30 April 2015). Additionally the Project has an Exploration Target* of 200Mt to 400Mt at between 0.4% and 0.6% Nb₂O₅ for regions outside of the current Mineral Resource (see announcement 24 April 2015). The April 2015 updated Mineral Resource will be used for the final Feasibility Study targeted for completion in 2015.

The Panda Hill Niobium Project (Figure 6) is located in the Mbeya region in south western Tanzania approximately 650km west of the capital Dar es Salaam. The industrial city of Mbeya (pop. 280,000) is situated only 26km from the project area and will be a significant service and logistics centre for the Project. The Panda Hill Niobium Project unique in that it is located close to highly developed surrounding infrastructure including the new Songwe international airport (8 km away), the TAZARA Rail line (2km away), the Dar es Salaam - Tunduma Highway (5km away) and major power infrastructure (26km away).

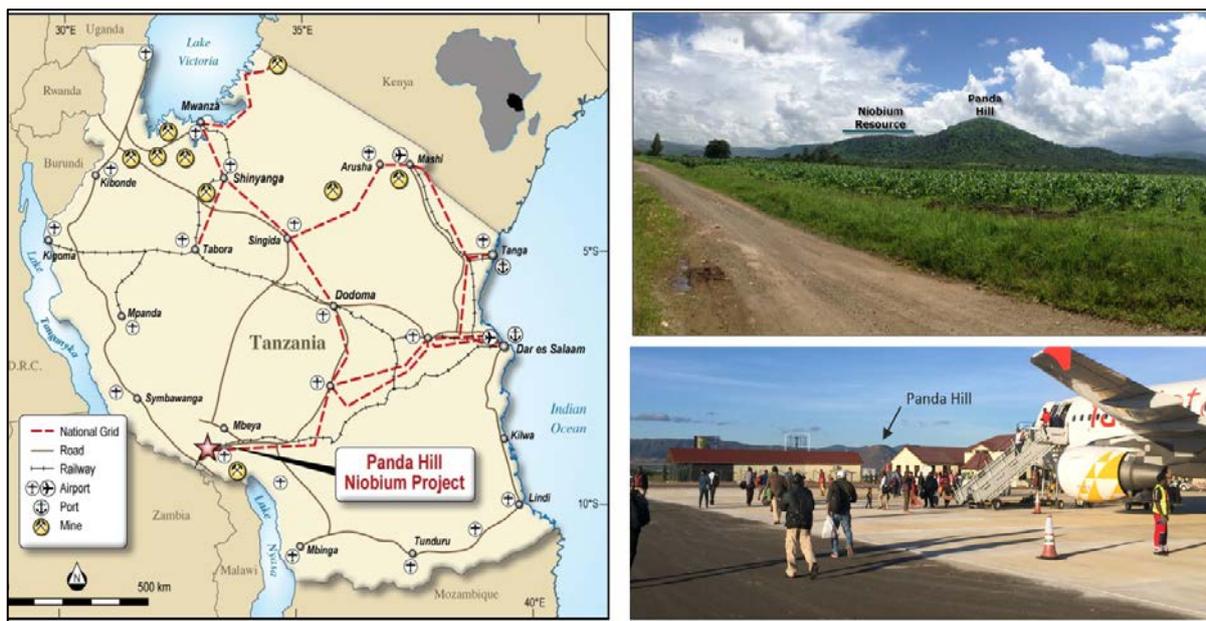


Figure 6: Showing location of Panda Hill and the nearby Songwe international airport.

The Panda Hill Niobium Project is located on three Mining Licences (ML237/2006, 238/2006 and 239/2006) granted to Panda Hill Mines Ltd on 16 November 2006 and covering a total area of approximately 22.1 km². Title of these licences was transferred to RECB Limited (“RECB”) on 18 December 2012. Panda Hill Mining Pty Ltd (“PHM”), a wholly owned subsidiary of Cradle, currently has a 50% shareholding in RECB with an additional exclusive right to acquire the remaining 50% of RECB by June 2017.

*Note on Exploration Target

The Exploration Target is conceptual in nature as there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource under the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code” (JORC 2012). The Exploration Target is not being reported as part of any Mineral Resource or Ore Reserve. Work activities including mapping, chip sampling and drilling are expected to be undertaken in 2015 and 2016.

In June 2014 Cradle reached an agreement with Tremont Investments Limited (backed by Denham Capital) (“Tremont”) to fund the Project to DFS and beyond. Tremont will earn up to a 50% in the Project for a consideration of up to US\$20M. To date Tremont has acquired a 37.5% stake in the Project through funding of US\$15M.

By order of the Board

Competent Person’s Statement

The information in this document that relates to the Exploration target, Exploration Results and Resources is based on information compiled or reviewed by Mr Neil Inwood who is a Fellow of The Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Inwood is a full time employee of Verona Capital Pty Ltd. Mr Inwood has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Inwood consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

The Company notes that JORC Table 1 has not been included in this announcement as the Table 1 from the previous announcements is valid and the sampling and assaying techniques have not changed materially from previous announcements.

The information relating to the Mineral Resource is extracted from the report entitled ‘Significant Resource Upgrade for Panda Hill Niobium Project’ created on 20th January 2015 and is available to view on www.cradleresources.com. The information relating to the Pre-Feasibility Study is extracted from the report entitled ‘Positive Pre-Feasibility Study results For Panda Hill’ ” created on 31st March 2015 and is available to view on www.cradleresources.com. The information referring to the Exploration Target is extracted from the report “Panda Hill Progress Update and Exploration Target” created on 23rd April 2015 and is available to view on www.cradleresources.com. Other than as specified in this announcement, the Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources, Exploration Target or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.’

For further information, please visit www.cradleresources.com.au or contact:

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